

Board of Tax Appeals

Analyst: Houston

Historical Summary

OPERATING BUDGET	FY 2006 Total App	FY 2006 Actual	FY 2007 Approp	FY 2008 Request	FY 2008 Gov Rec
BY FUND CATEGORY					
General	338,900	336,800	342,100	503,000	364,500
Dedicated	9,300	8,100	12,600	0	0
Total:	348,200	344,900	354,700	503,000	364,500
Percent Change:		(0.9%)	2.8%	41.8%	2.8%
BY OBJECT OF EXPENDITURE					
Personnel Costs	284,400	276,300	278,300	413,900	284,400
Operating Expenditures	63,800	68,600	71,200	74,500	69,100
Capital Outlay	0	0	5,200	14,600	11,000
Total:	348,200	344,900	354,700	503,000	364,500
Full-Time Positions (FTP)	4.00	4.00	4.00	5.75	4.00

Division Description

The Board of Tax Appeals (section 63-3801, Idaho Code) provides taxpayers the opportunity to appeal their ad valorem assessed valuations from a county board of equalization or tax decisions from the Idaho State Tax Commission. The three member Board of Tax Appeals provides an opportunity for appellants and respondents to present testimony and evidence at a quasi-judicial board hearing rather than through a district court trial which can necessitate legal representation and expense.

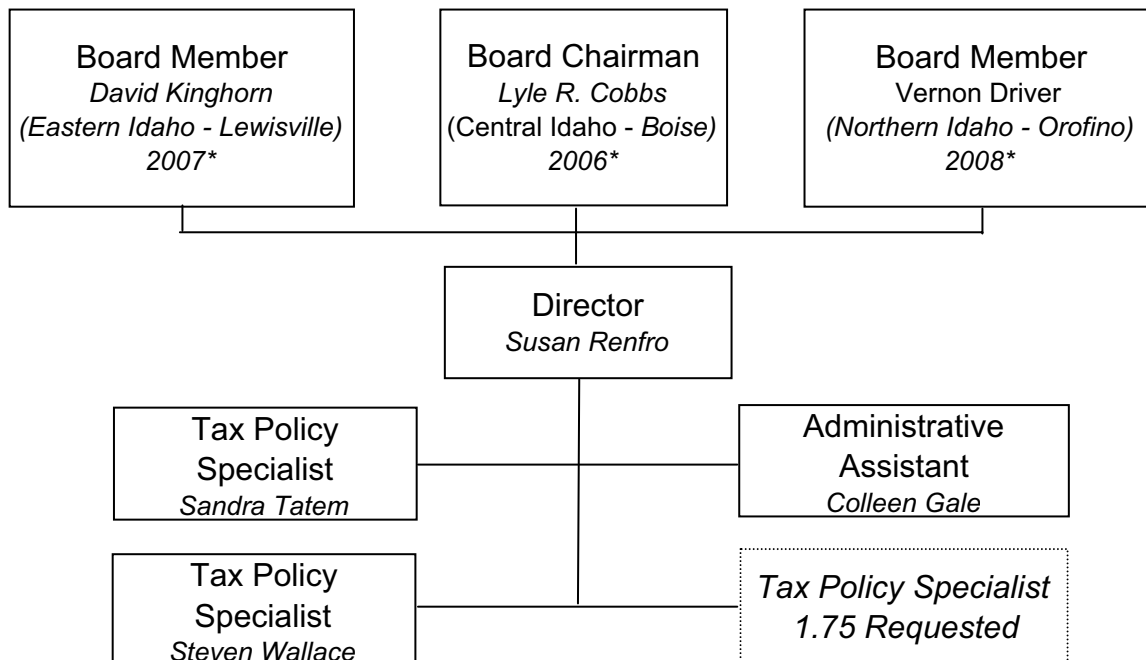
Board of Tax Appeals Agency Profile

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	FY 2003	FY 2004	FY 2005	FY 2006
Key Services Provided				
1. Number of Tax Appeals Filed	427	282	275	287
2. Appeals Settled/Withdrawn/Dismissed	264	143	131	138
3. Decisions Rendered	124	149	144	149
4. Reconsideration Motions Filed	NA	NA	17	6
5. Appeals taken to District Court	4	14	13	9

Selected Performance Measures				
6. Hearings held within 90 days of appeal benchmark is 100%	93%	93%	75%	89%
7. Decisions issued within 90 days of hearing benchmark is 100%	26%	29%	20%	17%
8. Tax Com. related decisions within 180 days benchmark is 100%	30%	50%	0%	2%
9. Ad valorem related decisions by May 1 benchmark is 100%	100%	100%	100%	86%

Organizational Chart



* 3 yr term expires June 30. Compensation is \$200/day + actual and necessary expenses

Board of Tax Appeals

Comparative Summary

Analyst: Houston

Decision Unit	Agency Request			Governor's Rec		
	FTP	General	Total	FTP	General	Total
FY 2007 Original Appropriation	4.00	342,100	354,700	4.00	342,100	354,700
1. Hearing Costs	0.25	189,700	189,700	0.00	165,600	165,600
FY 2007 Total Appropriation	4.25	531,800	544,400	4.00	507,700	520,300
Removal of One-Time Expenditures	0.00	(170,700)	(183,300)	0.00	(165,600)	(178,200)
FY 2008 Base	4.25	361,100	361,100	4.00	342,100	342,100
Benefit Costs	0.00	6,300	6,300	0.00	0	0
Inflationary Adjustments	0.00	4,400	4,400	0.00	500	500
Replacement Items	0.00	12,000	12,000	0.00	12,000	12,000
Statewide Cost Allocation	0.00	(1,200)	(1,200)	0.00	(1,200)	(1,200)
Annualizations	0.75	57,200	57,200	0.00	0	0
Change in Employee Compensation	0.00	7,800	7,800	0.00	11,100	11,100
FY 2008 Program Maintenance	5.00	447,600	447,600	4.00	364,500	364,500
1. Tax Policy Specialist	0.75	55,400	55,400	0.00	0	0
FY 2008 Total	5.75	503,000	503,000	4.00	364,500	364,500
Change from Original Appropriation	1.75	160,900	148,300	0.00	22,400	9,800
% Change from Original Appropriation		47.0%	41.8%		6.5%	2.8%

Board of Tax Appeals

Analyst: Houston

Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
FY 2007 Original Appropriation	4.00	342,100	12,600	0	354,700

1. Hearing Costs

The number of tax appeals have skyrocketed from about 275 per year in previous years to 1,110 this year. The largest spike is in Bonner County from 11 last year to 538 this year. Additional money is requested as follows: \$88,000 to contract two decision writers at \$110 per hour to draft an estimated 100 decisions (calculated at 8 hours per decision); \$36,800 for 1,340 paralegal hours; \$4,200 to contract mail clerks for 280 hours; \$3,000 to better compensate an existing hearing officer, \$16,900 to add 75 board member days (\$200 per day plus benefits); \$19,700 for travel and supply costs, \$16,000 to start a full-time Tax Policy Specialist beginning in March of 2007; operating expenditures of \$1,500 for computer software; and capital outlay in the amount of \$3,600 for partitions, a desk, a chair, and a computer. The Tax Policy Analyst (pay grade 43, \$22.66 per hour salary plus benefits) will address increasing tax appeals workload issues which include researching legal issues, conducting hearings, and drafting and finalizing decisions of the board. The full-year cost of the position is annualized in FY 2008 through the addition of \$57,200 to bring the total position costs to \$73,200. [\$170,700 one-time and \$19,000 ongoing]

Agency Request	0.25	189,700	0	0	189,700
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The Governor recommends one-time costs to conduct hearings and complete formal decisions on tax appeals heard by the board. The Governor does not recommend funding for a Tax Policy Specialist or additional salary for one of the existing Tax Policy Specialists. [One-time]

Governor's Recommendation	0.00	165,600	0	0	165,600
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FY 2007 Total Appropriation					
Agency Request	4.25	531,800	12,600	0	544,400
Governor's Recommendation	4.00	507,700	12,600	0	520,300

Removal of One-Time Expenditures

Removes \$12,600 in one-time funding provided from the Economic Recovery Reserve Fund as follows: \$5,000 in personnel costs provided for the board to train (double-fill) the replacement of one of the board's hearing officers, who is retiring after 13 years; \$2,400 in operating costs provided one-time for administrative rules, copier maintenance, and communications costs; and \$5,200 provided for replacement items (\$2,700 for six digital recorders, \$400 for six microphones, \$1,100 for 15 picture cards, \$800 for four transcription kits, and \$200 for three CD players). Also, removes one-time portion of supplemental request.

Agency Request	0.00	(170,700)	(12,600)	0	(183,300)
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Governor's Recommendation	0.00	(165,600)	(12,600)	0	(178,200)
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FY 2008 Base					
Agency Request	4.25	361,100	0	0	361,100
Governor's Recommendation	4.00	342,100	0	0	342,100

Benefit Costs

Restores funding for premium holidays taken in FY 2007 estimated at \$865 per employee. Also includes the employer-paid portion of estimated changes in employee benefit costs including \$350 per employee for health insurance.

Agency Request	0.00	6,300	0	0	6,300
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The Governor recommends that all health insurance related adjustments be funded by program changes or utilizing reserves available in the group insurance contract. As the PERSI Board voted to maintain the current contribution rate for the upcoming fiscal year, no adjustment to retirement rates is necessary.

Governor's Recommendation	0.00	0	0	0	0
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Inflationary Adjustments

This customized inflationary adjustment is a 6.4% increase over the base. It is calculated by subtracting statewide allocation plan costs and applying a 26.3% increase to communication costs, a 55.6% increase to repair and maintenance services, a 2% increase to rentals and operating leases, and no increase to other expenditure summary object categories.

Agency Request	0.00	4,400	0	0	4,400
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Inflationary increases are provided only for contractual obligations such as leased space costs. Other inflationary requests are not recommended.

Governor's Recommendation	0.00	500	0	0	500
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Board of Tax Appeals

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Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
Replacement Items					
Replacement items include \$5,000 for five computers, \$1,000 for two computer monitors, \$5,000 for a computer server, and \$1,000 for computer software. [One-time]					
Agency Request	0.00	12,000	0	0	12,000
Governor's Recommendation	0.00	12,000	0	0	12,000
Statewide Cost Allocation					
This decision unit includes adjustments for services provided by state agencies as follow: a reduction of \$1,300 for Attorney General fees and an increase of \$100 for State Controller fees.					
Agency Request	0.00	(1,200)	0	0	(1,200)
Governor's Recommendation	0.00	(1,200)	0	0	(1,200)
Annualizations					
The Tax Policy Analyst requested in the supplemental will address increasing tax appeals workload issues including legal research, conducting hearings, and drafting and finalizing decisions of the board. The full-year cost of the position is annualized in this decision unit through the addition of nine more months funding to bring the total position costs to \$73,200. [Ongoing]					
Agency Request	0.75	57,200	0	0	57,200
Not recommended by the Governor.					
Governor's Recommendation	0.00	0	0	0	0
Change in Employee Compensation					
Reflects the calculated cost of a 3.5% salary increase for permanent positions.					
Agency Request	0.00	7,800	0	0	7,800
The Governor recommends a compensation increase of 5% to be distributed based on merit.					
Governor's Recommendation	0.00	11,100	0	0	11,100
FY 2008 Program Maintenance					
Agency Request	5.00	447,600	0	0	447,600
Governor's Recommendation	4.00	364,500	0	0	364,500
1. Tax Policy Specialist					
A three-quarter time Tax Policy Specialist is requested to provide support for the growing legal responsibilities of the Board. Although the FY 2007 spike in appeals to 1,010 is expected to subside in FY 2008, appeals are expected to return to an average level of 400 to 600 per year rather than the 275 to 427 level experienced in the past four years. The Tax Policy Analyst (pay grade 43, \$22.66 per hour salary plus benefits) will address increasing tax appeals workload issues which include researching legal issues, conducting hearings, and drafting and finalizing decisions of the board. Operating expenditures of \$1,500 are requested for computer software. Capital outlay is requested in the amount of \$3,600 for partitions, a desk, a chair, and a computer. [\$5,100 one-time]					
Agency Request	0.75	55,400	0	0	55,400
Not recommended by the Governor.					
Governor's Recommendation	0.00	0	0	0	0
FY 2008 Total					
Agency Request	5.75	503,000	0	0	503,000
Governor's Recommendation	4.00	364,500	0	0	364,500
Agency Request					
Change from Original App	1.75	160,900	(12,600)	0	148,300
% Change from Original App	43.8%	47.0%	(100.0%)		41.8%
Governor's Recommendation					
Change from Original App	0.00	22,400	(12,600)	0	9,800
% Change from Original App	0.0%	6.5%	(100.0%)		2.8%